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THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

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MEMORANDUM FOR THE ACTING DIRECTOR, CENTRAL INTELLIGENCE

SUBJECT: NATO/Warsaw Pact Defense Spending

This memorandum reaffirms the importance the Department of Defense attaches to both the continuation of the CIA's recent efforts to systematically compare U.S. and Soviet military programs and to the expansion of such efforts to include other countries important to U.S. national security planning. Comparative costing of NATO and Warsaw Pact military programs is of particular near term importance.

CIA's dollar cost comparisons of U.S. and Soviet defense activities have become a focal point of attention in the current public discussion of trends in the military balance. Unfortunately one result of this highlighting of U.S. and Soviet efforts has been a de facto de-emphasis of the relative defense contributions of the non-US NATO and non-Soviet Warsaw Pact nations.

In line with the Carter administration's stated intention of increasing the U.S. commitment to NATO I believe it is important that we start to place examination of the military balance into better perspective by ensuring adequate attention to NATO vs. Warsaw Pact. Accordingly, I request that you initiate work to develop a dollar cost comparison of total NATO and total Warsaw Pact defense activities using a methodology as similar as feasible to that employed for the US/USSR analysis.

I recognize there are some difficult methodological and data problems associated with this effort. Aside from the difficulties of cost comparisons in different economic systems and the question of how cost translates into effectiveness in a given country, any use of the results would also have to examine questions of additivity of capability in each alliance. Among other matters this involves the degree of common planning, interoperability, and reliability of the forces. Nevertheless, it would be most desirable to have an interim report, even if its conclusions are tentative, completed by mid-April 1977 for use in preparing for the Spring NATO ministerial meetings. My staff will of course make available to you any relevant data on allied forces which may be in hand.

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If this deadline is too constraining for a complete analysis, initial efforts should be focused on comparisons of military investment (RDT&E, procurement of weapons and equipment, and construction of facilities), with personnel and other operating costs to follow by mid-May.

Harold Brown

cc: Secretary of State
Assistant to the President for
National Security Affairs
Chairman, Joint Chiefs of Staff

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